



November 13, 2013

Chairman Mike Nofs
Members of the Senate Energy & Technology Committee
State Capitol
Lansing, MI 48909

Dear Chairman Nofs and Members of the Committee,

I am writing to express my opinion that this legislation could severely alter competition in the telecommunication market resulting in higher prices for Michigan's consumers and small and medium sized businesses, loss of jobs and millions of dollars of stranded investment.

While the Substitute bill S-1 seems to infer that once an ILEC discontinues Basic Local Exchange Service that there would still be licensed competitors serving customers within an exchange, the proposed bill does not guarantee that the competitive providers would still have access to the last mile of copper plant. In fact, current Interconnection Agreements provide for a "change in law" provision that the ILEC would have the economic incentive to invoke to get out of their federal wholesale obligations.

Without a guarantee that competitors can have continued access to co-locate their facilities in an exchange's central office and access to copper loops in the last mile, this legislation puts at risk hundreds of millions of dollars of state-of-the-art technology that the competitive industry has invested in Michigan. The likely result of such action is less competition and higher prices. It is important to note that "discontinuance of service" does not mean that the ILEC will not serve the customers in that exchange any longer. It simply means that they won't provide the "plain old telephone service" any longer. The ILEC can simply provide VoIP service over its same copper network except then, the copper network will no longer allow competitors to access it.

I urge you to reject S-1 and develop a telecommunications policy that encourages competition and is driven by the free market principles on which our nation was founded. The ILECs have an incentive to restrict entry into their market, and any legislation will need to overcome this incentive. I have included a copy of my White Paper to further explain why the telecommunications market, like the electricity market, needs continued Commission oversight to assure these markets are free of restrictions on the ability of competitive markets to respond to consumer demand.

Sincerely,

Gary Wolfram, Ph.D
President

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Hillsdale Michigan

Phone/Fax 517-437-3765